

**TESTIMONY OF INTERIM INSPECTOR GENERAL AUSTIN A. ANDERSEN
BEFORE THE COMMITTEE ON GOVERNMENT OPERATIONS**

**PUBLIC ROUNDTABLE ON CONTRACTING AND PROCUREMENT IN THE
DISTRICT OF COLUMBIA:
THE UTILIZATION OF LOCAL, SMALL, AND DISADVANTAGED BUSINESS
ENTERPRISES, PART III**

FEBRUARY 3, 2005

GOOD MORNING MR. CHAIRMAN AND COMMITTEE MEMBERS. THANK YOU FOR THE OPPORTUNITY ONCE AGAIN TO ADDRESS THE COMMITTEE REGARDING THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) COMPLIANCE WITH THE GOAL WE ESTABLISHED FOR SUPPORTING LOCAL, SMALL, AND DISADVANTAGED BUSINESS ENTERPRISES (LSDBE) IN FISCAL YEAR (FY) 2004.

AS I HAVE STATED IN PRIOR TESTIMONY, THE OIG IS FULLY COMMITTED TO SUPPORTING THE GOAL OF IMPROVING AND BUILDING ECONOMIC DEVELOPMENT WITHIN THE DISTRICT OF COLUMBIA AS PART OF THE CITY'S ECONOMIC REVITALIZATION.

OIG POLICY

IT IS OUR POLICY TO GIVE PRIORITY CONSIDERATION TO LSDBEs WHEN SELECTING VENDORS DURING THE PROCUREMENT PROCESS. THE POLICY IS BASED ON THE EQUAL OPPORTUNITY FOR LOCAL, SMALL, AND DISADVANTAGED BUSINESS ENTERPRISES ACT OF 1998, AS AMENDED; AND

CHAPTER 800, TITLE 27, OF THE DISTRICT OF COLUMBIA MUNICIPAL REGULATIONS. THE OIG POLICY ALSO INCORPORATES THE INTENT OF D.C. CODE § 2-303.01, WHICH PROVIDES A PREFERENCE TO DISTRICT-BASED BUSINESSES.

MY PERFORMANCE PLAN DOES NOT CONTAIN A STANDARD FOR ENSURING LSDBE COMPLIANCE. HOWEVER, THE FORMER INSPECTOR GENERAL TOOK ACTION TO ENSURE THAT PRIORITY WAS GIVEN TO AWARDING OIG PROCUREMENTS TO LSDBE VENDORS. HE DELEGATED THIS RESPONSIBILITY TO THE OFFICE'S CHIEF OF CONTRACTS AND PROCUREMENTS (CHIEF). THE CHIEF IS THE FOCAL POINT FOR ALL OIG PROCUREMENT ACTIONS AND, AS SUCH, DETERMINES IF AN LSDBE VENDOR CAN BE CONSIDERED FOR INDIVIDUAL PROCUREMENT ACTIONS. TO ACCOMPLISH THE OIG'S GOAL TOWARD LSDBEs, THE CHIEF IS DESIGNATED AS THE OIG'S LSDBE COMPLIANCE OFFICER, AND THIS RESPONSIBILITY HAS BEEN INCORPORATED INTO HIS PERFORMANCE PLAN.

ACCOMPLISHMENT IN FY 2004

I AM PLEASED TO ANNOUNCE THAT WE HAVE EXCEEDED OUR ESTABLISHED LSDBE GOAL FOR FY 2004 BY 195 PERCENT. IN FACT, WE HAVE EXCEEDED OUR GOAL EVERY YEAR SINCE FY 2000.

OUR EXPENDABLE BUDGET FOR THE YEAR WAS \$827,250. OUR GOAL WAS TO AWARD AT LEAST \$413,625 TO LSDBE VENDORS. INSTEAD, WE AWARDED

\$808,198 TO 13 LSDBE VENDORS. ALL 13 VENDORS WERE PHYSICALLY LOCATED IN WASHINGTON, D.C., AND ALL WERE CATEGORIZED ON THE OFFICE OF LOCAL BUSINESS DEVELOPMENT'S (OLBD) LSDBE BUSINESS CERTIFICATION FORM DATABASE AS SMALL AND LOCAL BUSINESS ENTERPRISES. FIVE VENDORS WERE ALSO CATEGORIZED AS DISADVANTAGED BUSINESS ENTERPRISES.

APPROXIMATELY 84 PERCENT (\$680,150) OF THE \$808,198 WAS AWARDED TO LSDBE SUBCONTRACTORS AUDITING THE DISTRICT'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR), WHILE THE REMAINING 16 PERCENT (\$128,048) WAS AWARDED TO LSDBE VENDORS THROUGHOUT THE DISTRICT FOR SUPPLIES AND SERVICES. TO ENSURE THAT THE OIG ACCOMPLISHED ITS GOAL, WE RECONCILED OUR LSDBE AWARDS ON OUR SYSTEM WITH OLBD'S OFFICIAL RECORDS ON A QUARTERLY BASIS.

ADDITIONALLY, WE ARE IN THE PROCESS OF AWARDING A NEW CONTRACT TO AUDIT THE DISTRICT'S CAFR FOR NEXT YEAR WITH THE OPTION OF FOUR ADDITIONAL YEARS. AS WE AGREED TO DO IN LAST YEAR'S HEARING, WE HAVE INCORPORATED A REQUIREMENT IN THE SOLICITATION FOR THE CAFR THAT IF THE PRIME CONTRACTOR IS NOT AN LSDBE, IT MUST SUBCONTRACT AT LEAST 30% OF ITS AWARD TO LSDBE FIRMS.

THIS COMPLETES MY TESTIMONY. AGAIN, I WANT TO THANK YOU FOR THE
OPPORTUNITY TO ADDRESS THE COUNCIL REGARDING OUR LSDBE PROGRAM
AND TO REAFFIRM OUR COMMITMENT TO THIS INITIATIVE.
I AM PREPARED TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.